

HOUSE BILL REPORT

HB 1583

As Reported by House Committee On: Housing

Title: An act relating to relocation assistance payments to tenants.

Brief Description: Making available relocation assistance payments to tenants.

Sponsors: Representatives Hunt, Upthegrove, Williams, McDermott, Cody, Hasegawa, Chase, Moeller, Kenney and Wood.

Brief History:

Committee Activity:

Housing: 2/8/05, 2/17/05 [DPA].

Brief Summary of Amended Bill

- Requires landlords to pay relocation assistance, as well as to return any deposits and prepaid rent, to tenants who are displaced because their residence is condemned or declared unlawful to occupy except in cases in which the condemnation or no occupancy order results from a natural disaster or illegal tenant or third party action.
- Allows local governments: to advance the cost of relocation assistance payments; to assess interest and penalties if a property owner fails to timely reimburse the local government; and to recover attorneys' fees if legal action is initiated in order to collect.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass as amended. Signed by 5 members: Representatives Miloscia, Chair; Springer, Vice Chair; Ormsby, Pettigrew and Sells.

Minority Report: Do not pass. Signed by 4 members: Representatives Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune and Schindler.

Staff: Robyn Dupuis (786-7166).

Background:

Under current state law, if a governmental agency notifies a landlord that a dwelling is condemned or unlawful to occupy, that landlord may not enter into any additional rental agreements for that dwelling until the violations are corrected. If the landlord does enter into a

rental agreement with a new tenant, that tenant is entitled to recover three months rent, or up to treble the actual damages sustained as a result of the violation, and any legal costs incurred. If such a tenant is forced to relocate, or chooses to move as a result of the conditions cited by the governmental agency, the tenant is also entitled to recover any deposits paid, and any prepaid rent.

Tenants who live in a dwelling, and have an established rental agreement at the time that a property is condemned or determined to be unlawful to occupy, are not entitled to receive any relocation reimbursement, nor reimbursement for deposits or prepaid rent. Only the cities of Seattle and Bellevue currently have relocation ordinances which could assist tenants in such circumstances.

If a landlord or property owner fails to comply with a final order to repair or demolish a dwelling, the governing body of the local jurisdiction may direct the dwelling to be repaired or demolished. The cost of these activities incurred by the local jurisdiction shall be assessed against the property. Such an assessment constitutes a lien against the property.

Summary of Amended Bill:

If a government agency notifies a landlord that a dwelling will be condemned or will be unlawful to occupy, the landlord shall be required to pay relocation assistance to all displaced tenants except in cases in which the condemnation or no occupancy order results from a natural disaster or illegal action by a tenant or third party.

Relocation assistance shall consist of the following:

- The greater amount of \$2,000 per dwelling unit or three times the monthly rent. The amount of this relocation assistance shall be adjusted annually by the percentage change in the housing component of the Consumer Price Index.
- The entire amount of any deposit prepaid by the tenant and all prepaid rent.

In addition, tenants are entitled to recover any actual damages sustained by them as a result of their displacement that exceeds the amount of relocation assistance that is payable.

Landlords must provide relocation assistance within seven days of the notice of condemnation, eviction, or displacement. If the landlord fails to do so, the local government may advance relocation assistance payments to the displaced tenants. The landlord is obligated to repay the municipality within 30 days.

If, within 30 days, a landlord fails to repay the amount of the advanced relocation assistance, interest will begin to accrue and the local government will assess penalties in the amount of \$50 per day for each tenant who received assistance. If legal action is necessary to collect from the landlord, then the local government is also entitled to recover any associated legal fees and costs.

The amount of relocation assistance advanced by the local government, and not repaid by the property owner, as well as all penalties and interest accrued, may be included in a lien against the property, which also may include other costs of vacating and closing the property incurred by the local government.

Amended Bill Compared to Original Bill:

Exceptions to the relocation assistance requirement are added to state that landlords shall not be required to pay relocation assistance to tenants when a condemnation or no occupancy order results from conditions due to a natural disaster or the illegal activities of a tenant or other third party.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This legislation is specifically focused on "slumlords" who refuse, after several warnings, to bring their dwellings up to code. It is designed to assist tenants who are forced to move because their dwelling is condemned. Moving costs a lot of money and many tenants are living month to month and do not have accumulated savings for deposits, first month's rent and moving trucks. Some families in this position end up homeless because they have no other place to go. This law would not discourage landlords from trying to fix or rehabilitate their building, rather, it would actually encourage landlords to address violation issues and improve the living conditions of their properties since renovation may, thanks to this legislation, be cheaper than paying the statutory relocation costs to each tenant. This legislation is necessary to protect Washington's vulnerable low-income citizens who may be forced to continue paying rent for substandard housing because they cannot afford to move and, therefore, despite the dangerous and unsanitary conditions, do not complain to the authorities for fear that they may lose their housing. Cities do not want to condemn properties, they understand the difficulties tenant's face finding substitute housing. Furthermore, the cost to the community to assist these individuals to find housing, or deal with resulting homelessness, is very high. This legislation will enable cities to make true on promises of condemnation sooner and save the city a great deal of money that in the past has been spent trying to help tenants. The tenants will be able to move on to better living environments sooner and, thus, avoid health problems and other residual effects that result from poor living conditions.

Testimony Against: This bill is overly broad and may have consequences that will have a negative impact on the housing industry. In the case of a natural disaster, certainly a landlord should not be responsible for paying reimbursement expenses. Such an event could ruin a property owner financially and an earthquake, flood or tsunami is certainly not the landlord's fault. A landlord should also not have to pay reimbursement expenses to tenants if a building

is condemned because of a tenant's illegal activities, as has occurred in situations when tenants' methamphetamine laboratories have caused fires. This bill may be a disincentive for investors to purchase apartment buildings because of the fear that a municipality might condemn the property shortly after purchase and obligate the new owner to pay relocation reimbursement costs. The bill may also cause landlords to avoid renting to low-income tenants.

Persons Testifying: (In support) Representative Hunt, prime sponsor; Nick Federici, Washington Low Income Housing Alliance; Laurie Strong, Michelle Thomas, and DeWayne Martin, Tenants Union; Bruce Neas, Columbia Legal Services; Councilmember Matthew Green, City of Olympia; Councilmember Jack Block Jr., City of Burien; and Ruth Schearer, Bread & Roses Homeless Services.

(Opposed) Doug Neyhart and Terry Hotvedt, Rental Housing Association.

Persons Signed In To Testify But Not Testifying: None.